## ARGENTINA NOTES ISSUANCE

### THE CHALLENGE

- Financing needs to $17 billion with $8-9 billion from international markets
- Domestic market in Argentina was shallow and had accounted for only 17% of public debt.
- Government sought a large share of its financing from international markets.
- Due to risky economic climate, Argentina faced difficulties in tapping US market. Could only raise US$100-300 million from Euro and Yen markets and high spreads

### THE SOLUTION

- Policy based Guarantee utilized undisbursed amounts of the Special Structural Adjustment Loan already in place.
- Allowed Argentina to leverage World Bank support and tap capital markets for much larger amounts.
- Guarantee helped Argentina mobilize funds to meet its financing needs at reasonable spreads.
- 6 zero coupon notes each with a face value of $250 million. Gross proceeds equaled $1.165 billion. All rated at above investment grade.
- Maximum subscription level of 2.5 times for final note issuance
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- Guarantee covers the payment of the aggregate principal amount on a schedule maturity date up to $250 Million.
- If Argentina fails to pay the principal amount of the series, then the guarantee is called. Guarantee will only roll forward if World Bank is reimbursed by the Government of Argentina in 60 days.